

SUMMARY ANALYSIS OF AMENDED BILL

Author: Berg Analyst: Deborah Barrett Bill Number: AB 2487
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: May 23, 2008
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Courts Refer Domestic Violence Orders to FTB for Collection

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED

X _____ STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would authorize courts to refer civil judgments awarded to victims of the tort of domestic violence to Franchise Tax Board (FTB) for collection.

SUMMARY OF AMENDMENTS

The May 23, 2008, amendments would do the following:

- Specify an operative date of January 1, 2010, for referrals of judgments for collection.
- Establish a Domestic Violence Tort Claims Collection Fund (Fund) for deposit and distribution of the funds from domestic violence judgments collected by FTB.
- Require that 10% of the amount collected be subtracted from deposits made to the Fund to reimburse the General Fund for costs incurred for system changes to implement the provisions of the bill until fully reimbursed.
- Require that domestic violence judgments be set aside until other debts referred to FTB owed by the same debtor to a government entity are satisfied.

Board Position:

_____ S _____ NA _____ NP
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 _____ N _____ OUA _____ X PENDING

Legislative Director

Date

Brian Putler

5/30/08

As a result of the May 23, 2008, amendments a new "Implementation Consideration" was identified that is discussed in this analysis and the "Effective/Operative Date," "Summary of Suggested Amendments," "This Bill," and "Fiscal Impact" discussions are revised. The remainder of the department's analysis of the bill as amended April 23, 2008, still applies.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2009, and operative for referrals beginning on January 1, 2010. This bill would be repealed by its own terms as of January 1, 2016.

POSITION

Pending.

Summary of Suggested Amendments

Amendment 1 is provided to suggest appropriation language to fund the department's costs.

THIS BILL

This bill would, beginning on January 1, 2010, allow a court to refer final judgments awarded for the tort of domestic violence to FTB for collection under the existing court ordered debt collection statutes. The court may refer the civil judgments at the time awarded or upon petition by the victim at a later date.

The bill would establish the Domestic Violence Tort Claims Collection Fund (Fund) for the deposit and distribution of final judgment amounts collected under the provisions of the bill. FTB would administer this Fund.

The bill would require that an amount not to exceed 10% of the amount collected be subtracted from the amounts collected to reimburse the costs incurred by FTB to make system changes to implement the provisions of this bill. Once the Controller determines that the costs incurred are fully reimbursed, this subtraction would cease. In addition, as for court ordered debt collections, FTB would subtract its actual costs for collecting a judgment, but not to exceed 15%. The balance after FTB amounts are subtracted would be deposited into the Fund.

If the same person owes a final judgment for the tort of domestic violence and a debt to a government entity that are both referred to FTB for collection, FTB must stay collection on the final tort judgment until the debt owed the government entity is satisfied in full.

The provisions added by this bill would be repealed by its own terms on January 1, 2016, and current law would be restored as of that date.

IMPLEMENTATION CONSIDERATION

It is recommended that administration of the Fund provided under this bill be assigned to the referring entity, here the trial court. This change would make the bill consistent with existing statutory provisions for other non-tax collections.

FISCAL IMPACT

In October of 2008, FTB is scheduled to launch an expanded Court Ordered Debt collection system. The enhanced system will fully automate court ordered debt collections undertaken by FTB. The new system lacks the ability to implement the provision of this bill that would stay collections of tort judgments until debts owed government entities are satisfied. To implement this requirement, the system would have to be re-programmed to distinguish between debts owed to a government entity and civil tort judgments.

FTB estimates costs of approximately \$1.7 million would be incurred to modify the new system to implement provisions of this bill. Incorporating this new workload into the automated processes is consistent with department efforts to leverage technology for long-term gains in efficiencies and functionality. These costs would be reimbursed from the amounts collected and distributed to the Fund. Suggested language to fund FTB's costs is included in this analysis.

As an alternative, FTB could collect this new workload on a manual basis. The volume of cases expected to be referred for collection under this bill's provisions is unknown, but expected to be a small. The start up costs could be absorbable; however, based on existing manual workloads, the collection results would be low because manually collecting accounts would not benefit from the efficiencies of the automated process. Current automated collection efforts yield a collection rate of approximately 5% to 9.5%, depending on the type and age of a particular debt. FTB estimates that collection rates on manual workloads would yield significantly less.

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 2487
As Amended May 23,2008

AMENDMENT 1

On page 9, after line 11, insert:

SEC. 5. The sum of three million three hundred thousand dollars(\$3,300,000) is hereby appropriated to the Franchise Tax Board in augmentation of item 1730-001-0001 of the Governor's Budget, Chapter XX, Statutes of XXXX.